

April 6, 2020

The Honorable Nancy Pelosi, Speaker, United States House of Representatives
The Honorable Mitch McConnell, Majority Leader, United States Senate

The Honorable Kevin McCarthy, Republican Leader, United States House of Representatives
The Honorable Charles E. Schumer, Democratic Leader, United States Senate

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

As the organization representing all 50 state departments of transportation (state DOTs), the District of Columbia, and Puerto Rico, the American Association of State Highway and Transportation Officials (AASHTO) lauds Congress's historic response to the COVID-19 pandemic. We very much appreciate your significant and timely support for aviation, passenger rail, and transit operating needs provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act last month. Despite the uncertainty and rapidly-changing nature of this pandemic, state DOTs are working tirelessly to ensure the health and safety of their residents, employees, and the traveling public as they maintain their transportation systems.

We now urge Congress to take two important steps related to surface transportation infrastructure in the next COVID-19 legislation—the “Phase 4” emergency relief and economic recovery package. First, we request an immediate \$49.95 billion in flexible federal funding to offset what we estimate will average at least a 30 percent loss in state transportation revenues in the next 18 months. This federal backstop will help to ensure state DOTs can operate and maintain their systems without disruption and allow current transportation projects and plans to continue. Second, in order to boost years-long economic recovery that will be necessary once the national emergency subsides, Congress should look to pass a major transportation investment package in the form of surface transportation and water transportation reauthorization.

These actions to shore up our nation's highway, transit, passenger rail, and water transportation systems will send a bold signal to raise consumer and investor confidence and expectations for economic recovery, while strengthening our national transportation system for decades to come.

Immediate Revenue Backstop for State DOTs

Congress should provide \$49.95 billion as an immediate revenue backstop to state DOTs in order to prevent major disruptions in their ability to operate and maintain their transportation systems during this national emergency. Compared to \$111 billion in state transportation revenues in FY 2019, preliminary projections from state DOTs show at least a 30 percent decline on average for the next 18 months. In addition, most recent data from INRIX shows that personal travel dropped between 38 and 44 percent nationally through the week ending March 27, 2020, and may worsen in the coming weeks. As such, AASHTO's request of \$49.95 billion in emergency funding distributed to state DOTs via formula is composed of \$16.7

billion for the remainder of FY 2020 (estimated 30 percent state revenue cut prorated over six months) and \$33.3 billion for all of FY 2021 (estimated 30 percent state revenue cut for a full year). This crucial federal backstop will prevent cancellations and delays of projects as well as potential job losses both in the State DOT workforce and the private sector.

Treatment as state revenue. Given the urgent nature of states' needs in the coming weeks and months, we request these backstop funds to be essentially treated as state revenues that would otherwise have been collected for a wide range of state DOT activities without the COVID-19 pandemic. This broad funding eligibility would recognize the fact that state transportation revenues are used for any and all transportation activities undertaken by state DOTs.

Operations and maintenance support. State DOT operations and maintenance activities should be fully eligible for funds provided as the revenue backstop. This will enable states to help pay for unusually heavy expenses resulting from extraordinary conditions caused by COVID-19, ranging from meeting payroll for state DOT workforce to prevent furloughs or layoffs to improving remote-working systems to prevent IT system overload contributing to project delivery delays and increased costs.

100 percent federal share. The estimated state revenue cuts threaten the ability to provide state and local match in the near term for the traditional Federal-aid Highway Program. In addition to supporting immediate capital, operations, and maintenance needs at state DOTs, this feature will also provide states the necessary fiscal space to meet existing debt obligations.

Sensible reporting. Taking lessons learned from past recovery efforts, we request Congress to not include maintenance of effort requirements and to avoid overlapping reporting and oversight requirements from multiple entities.

Obligation timeline. We request the backstop funds for both FY 2020 and FY 2021 to be available for obligation through September 30, 2021.

Platform for National Economic Recovery and Growth

Transportation investment is a proven platform for economic activity with long-lasting mobility and productivity benefits. Yet the Fixing America's Surface Transportation (FAST) Act which has provided five years of funding stability and certainty to state DOTs will expire in just six months. In the upcoming aftermath of the economic shock due to COVID-19, Congress must take bold and historic action to revitalize our nation's economy and secure our long-term future by enacting a robust, long-term surface transportation package that invests in highway, highway safety, transit, and passenger rail programs in every state and community across America. In addition, Congress should look to once again reauthorize the Water Resources Development Act on time.

According to the US Department of Transportation's *Conditions and Performance Report: 23rd Edition*, our nation's total investment backlog in 2014—the latest year available—stood at \$902 billion, comprising a highway and bridge backlog of \$786 billion and a transit backlog of \$116 billion. This cumulative backlog—resulting from decades of underinvestment—represents all

highway, bridge, and transit improvements that could be economically justified for immediate implementation.

To address this backlog and stimulate the economy we request that you double the amount of federal surface transportation funding and reauthorize and reauthorize these programs for at least another six years. These actions will finally put us on the path to eliminate this longstanding investment backlog by the end of this decade while meeting arising asset condition and performance needs to support and sustain our multiyear economic recovery and growth.

In providing these resources, we recommend that Congress utilizes contract authority for funding stability and certainty. In addition, we ask you to focus on maximizing formula-based dollars provided directly to states through the existing core formula programs and avoid incorporating untested new programs and discretionary grants that tend to add both uncertainty and additional costs to project sponsors.

To assist in enacting the next surface transportation authorization, we are proud to share [AASHTO's recommended policies](#) adopted by our Board of Directors last October for your consideration, including our Core Policy Principles:

Ensure timely reauthorization of a long-term federal surface transportation bill.

- Funding stability provided by federal transportation programs is absolutely crucial to meet states' capital investment needs, which take multiple years to plan and construct.
- A long-term transportation bill is needed in order to avoid an authorization gap upon FAST Act expiration in September 2020. Short-term program extensions cause unnecessary program disruptions and delays safety and mobility benefits to states and communities.

Increase and prioritize formula-based federal funding provided to states.

- The current federal highway program optimally balances national goals with state and local decision making.
- Formula-based transportation funding reflects the successful federal-state partnership by ensuring the flexibility necessary for each state to best meet its unique investment needs.
- Congress should increase the formula-based program's share of the Federal-aid Highway Program from 92 percent currently in the FAST Act.

Increase flexibility, reduce program burdens, and improve project delivery.

- Increase programmatic and funding flexibility to plan, design, construct and operate the surface transportation system.
- Reduce regulatory and programmatic burdens associated with federal programs that are not part of the project approval process.
- Modernize Clean Water Act, Clean Air Act, and Endangered Species Act processes to improve transportation and environmental outcomes and reduce delays.
- To streamline and improve project delivery, states should be provided with opportunities to assume more federal responsibilities and the associated accountability.

Support and ensure state DOT's ability to harness innovation and technology.

- Innovative approaches and technologies should be embraced to achieve a safer and more resilient, efficient and secure surface transportation system.
- State DOTs, as infrastructure owners and operators, need the 5.9 GHz spectrum for transportation safety and connected vehicle deployment purposes.
- Preserve state and local government authority to regulate operational safety of autonomous vehicles.
- Preserve state and local government authority to responsibly manage data collected from transportation technologies.

In addition to strengthening and securing federal highway and transit programs, we urge Congress to improve our nation's passenger rail and water transportation systems.

Ensuring Investment in America's State-supported Passenger Rail Network

Twenty-one public agencies in 18 states across the United States are responsible for 29 passenger rail routes serviced by Amtrak. At least \$55 billion has been identified by Amtrak for intercity passenger rail to support critical infrastructure, procurement of new passenger fleet, and to advance station development and ADA compliance of both the Northeast Corridor and National Network. Federal funding should be eligible for states or entities designated by a state and will dramatically improve passenger rail mobility and travel options in our nation for the long term.

Continuing our National Commitment to Improve Water Transportation

Water transportation is a vital element of the national multimodal transportation system and essential to the efficient movement of freight. AASHTO urges Congress to pass the next Water Resources Development Act (WRDA) this year which would authorize the critical U.S. Army Corps of Engineers (USACE) port, waterway, flood protection, and other water infrastructure improvements across the country. In addition to this reauthorization, it is imperative to address the growing backlog of authorized, but unconstructed USACE projects. A timely reauthorization of WRDA and supplemental funds to address this backlog will dramatically improve and modernize our ports, harbors, and waterways for the future of our nation's economic competitiveness.

Thank you again for your bold leadership during this unprecedented crisis and for your consideration of state DOTs' request for the next COVID-19-related legislation. If you have any questions, please contact Joung Lee, AASHTO's Director of Policy and Government Relations at 202-624-5818 or jlee@aaasho.org.

Sincerely,



Patrick K. McKenna
President, AASHTO
Director, Missouri DOT



Jim Tymon
Executive Director, AASHTO

cc:

The Honorable Richard Shelby, Chair, Senate Appropriations Committee
The Honorable Patrick J. Leahy, Ranking Member, Senate Appropriations Committee
The Honorable Susan Collins, Chair, Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
The Honorable Jack Reed, Ranking Member, Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
The Honorable Michael Crapo, Chair, Senate Banking, Housing, and Urban Affairs Committee
The Honorable Sherrod Brown, Ranking Member, Senate Banking, Housing, and Urban Affairs Committee
The Honorable John Barrasso, Chair, Senate Environment and Public Works Committee
The Honorable Thomas R. Carper, Ranking Member, Senate Environment and Public Works Committee
The Honorable Roger Wicker, Chair, Senate Commerce, Science, and Transportation Committee
The Honorable Maria Cantwell, Ranking Member, Senate Commerce, Science, and Transportation Committee
The Honorable Chuck Grassley, Chair, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
The Honorable Nita M. Lowey, Chair, House Appropriations Committee
The Honorable Kay Granger, Ranking Member, House Appropriations Committee
The Honorable David E. Price, Chair, House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
The Honorable Mario Diaz-Balart, Ranking Member, House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
The Honorable Peter A. DeFazio, Chair, House Transportation and Infrastructure Committee
The Honorable Sam Graves, Ranking Member, House Transportation and Infrastructure Committee
The Honorable Eleanor Holmes Norton, Chair, House Transportation and Infrastructure Subcommittee on Highways and Transit
The Honorable Rodney Davis, Ranking Member, House Transportation and Infrastructure Subcommittee on Highways and Transit
The Honorable Richard Neal, Chair, House Ways and Means Committee
The Honorable Kevin Brady, Ranking Member, House Ways and Means Committee